

Message Text

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54

ACTION XMB-07

INFO OCT-01 EA-11 ISO-00 EB-11 COME-00 TRSE-00 DRC-01

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R 250930Z JUN 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 4667

LIMITED OFFICIAL USE MANILA 7565

E.O. 11652: N/A

TAGS: BPRO

SUBJECT: FCIA CREDIT INSURANCE REQUEST FOR SALE OF TEXTILE
MACHINERY, SYNTHETIC PARTS AND RAW COTTON TO RIVER-
SIDE MILLS CORPORATION

REF: A) STATE 119243 B) MANILA 7011

1. RIVERSIDE MILLS' FINANCIAL POSITION CONTINUES
ESSENTIALLY UNCHANGED SINCE EMBASSY LETTER OF
OCTOBER 16, 1973. AUDITOR'S REPORT OF SEPTEMBER 30,
1973, SHOWS THAT SUBSTANTIALLY ALL OF COMPANY'S
PROPERTY, PLANT, AND EQUIPMENT AND A PORTION
OF RAW MATERIALS INVENTORY ARE MORTGAGED TO DEVELOP-
MENT BANK OF PHILIPPINES, WITH SECOND MORTGAGE
ON ALL PROPERTY, PLANT, AND EQUIPMENT HELD BY
PHILIPPINE NATIONAL BANK. ALTHOUGH COMPANY STATE-
MENT SHOWS 1973 NET EARNINGS, AFTER TAXES AND
FINANCING CHARGES, OF P3.9 MILLION, AUDITOR REPORTS
THIS IS OVERSTATED BY P2.9 MILLION AS RESULT OF
UNORTHODOX TREATMENT OF DEPRECIATION.

2. UNAUDITED REPORT FOR FIRST SIX MONTHS OF 1974
SHOWS DOUBLING OF NET INCOME COMPARED WITH 1973,
A GAIN CONSISTENT WITH BUOYANT TEXTILE MARKET DURING
THIS PERIOD. SIX MONTH SALES ALSO UP SHARPLY, TO
P87 MILLION, OR \$13 MILLION, YIELDING OPERATING
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INCOME EQUAL TO \$1.2 MILLION. THUS, EMBASSY EVALUATION

CONTINUES TO BE THAT RIVERSIDE IS A MAJOR PRODUCER
WITH SUBSTANTIAL OPERATING INCOME, WELL WORTH
CULTIVATING AS A GOOD CUSTOMER DESPITE NEED FOR
SOMEWHAT MORE THAN USUAL COMMERCIAL CAUTION IN REPAY-
MENT ARRANGEMENTS.
SULLIVAN

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Disposition Authority: CollinP0
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Disposition Date: 28 MAY 2004
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Disposition Reason:
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